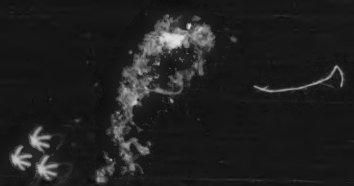
ANNUAL REPORT
2007 | 2008

Innovation, Trade and Rural Development



Newfoundland
Labrador

TABLE OF CONTENTS

MINISTER'S MESSAGE 3

DEPARTMENT AT A GLANCE 5

- Vision 5
- Mission 5
- Lines of Business 5
- Corporations and Boards 5
- Organization and Staffing 6
- Budget and Expenditures 7
- Mandate 7

TAKING ACTION ON PRIORITY ISSUES 8

- Innovation 8
- Ocean Technology 11
- Export Development 13
- Small Business Growth 15

TAKING ACTION ON STRATEGIC DIRECTION 17

- Regional Diversification and Industry Growth 17
- Innovation Enhancement 23
- SME Business Supports 26
- Business Promotion, Trade and Investment Development 28
- Business, Industry and Economic Intelligence 30

SHARED COMMITMENTS 32

- Education and Economic Development 32
- Strategic Partnerships 32
- Regional Economic Development Boards and Community Associations 32
- Business and Industry Associations 33
- Red Tape Reduction 33
- Information Management and Access To Information 33
- Other Government Departments 33
  - Poverty Reduction Strategy 34
  - Provincial Healthy Aging Framework 34
  - Rural Secretariat 34

CHALLENGES AND OPPORTUNITIES 35

APPENDIX A: FINANCIAL PERFORMANCE 37

APPENDIX B: OFFICE LOCATIONS 38

APPENDIX C: CONTACT INFORMATION 39

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REFERENCE PERIOD
The section titled "Taking Action on Priority Issues", references the 2006-07 and 2007-08 fiscal years to enable reporting on the two year goals and indicators in the Department's 2006 to 2008 Strategic Plan. The remainder of this report covers the period April 1, 2007 through March 31, 2008, the fiscal year of the Government of Newfoundland and Labrador.

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MESSAGE FROM

THE HONORABLE TREVOR TAYLOR
MINISTER OF INNOVATION, TRADE AND RURAL DEVELOPMENT

As the Minister responsible for the Department of Innovation, Trade and Rural Development (INTRD), I am pleased to submit the Annual Performance report for the fiscal year 2007-08. This report is submitted in accordance with the Department's obligation as a Category One entity under the Transparency and Accountability Act. It was prepared under my direction and, as Minister, I am accountable for the results reported herein.

As this is the last year of the Department's two-year strategic plan, this report addresses how my Department performed over the two year period (2006-07 and 2007-08) with respect to our strategic goals. It also demonstrates, with indicators and measurable results, how my Department performed during the fiscal year in addressing the annual objectives for each of our priority issues.

I am very pleased to report my Department was successful in fully achieving the two year goals for three of our four priority issues - innovation, ocean technology, and small business growth – and that substantive progress was made in the fourth issue area – export development. I am also pleased to confirm that the 2007-08 annual objectives for all four priority issues were successfully met.

Over the course of the last two years we have made great strides toward a stronger and more competitive economy. The successful launch of the provincial innovation strategy has placed our province at the forefront of our Canadian counterparts, receiving national recognition for the directions and commitments identified. This past year saw us complete several important initiatives for regional and business development. We expanded the supplier development program beyond government procurement opportunities to include private sector procurement requirements with the potential to be met locally. We worked closely with business and industry to design new strategies in Export Development and in Ocean Technology to accelerate advancements in these areas. And we invested significantly in the Trans-Gulf fibre optic network, enhancing and expanding key innovation infrastructure in all regions.

Together, we are working hard to support and develop opportunities that all Newfoundlanders and Labradorians can benefit from. We remain committed to establishing the relationships and creating the climate for business to not only grow, but thrive, right here at home.

Trevor Taylor, M.H.A.
The Straits and White Bay North
Minister of Innovation, Trade and Rural Development

THE DEPARTMENT AT A GLANCE

Vision

The vision of the Department of Innovation, Trade and Rural Development (INTRD) is *a diversified, competitive economy with productive and prosperous people in all regions of the province.*

Mission

By 2011, the Department will *have stimulated economic and business development to foster regional and provincial prosperity.*

Guided by the principle of prosperity for people in all parts of the province through the creation of wealth, with a policy commitment to innovation at the business and sectoral level, INTRD will achieve its mission by focusing on key factors for sustained economic growth. These factors include business operations within a competitive environment, enhanced productivity, and stronger communities and regions. With regional advancement as a priority for all regions of the province, INTRD continues to focus its resources on opportunities identified in the Comprehensive Regional Diversification Strategy (CRDS).

Lines of Business

The Department operates five lines of business in support of regional development and economic diversification. These are delivered through 23 offices in five regions throughout the province. In addition, through the Canada-Newfoundland and Labrador Business Service Centre, which the Department co-manages with the Atlantic Canada Opportunities Agency (ACOA), INTRD offers additional business information and resources.

OUR LINES OF BUSINESS ARE:

- Small and Medium-sized Enterprise (SME) Development
- Industrial Diversification
- Innovation
- Investment
- Economic Intelligence

INTRD delivers a wide range of regional, sectoral and cross-sectoral services and programs organized under these five lines of business. In addition, the Department coordinates a number of cross-departmental and federal-provincial economic issues and initiatives.

Corporations and Boards

Four Crown corporations and two advisory boards reported to the Minister in 2007-08:

- Newfoundland Hardwoods Limited;
- Newfoundland Ocean Enterprises Limited/ Marystown Shipyard Limited;
- The Newfoundland and Labrador Immigrant Investor Fund Limited;
- The Business Investment Corporation;
- The Economic Diversification and Growth Enterprises (EDGE) Advisory Board; and
- The Ireland Business Partnerships Advisory Board.

These corporations and boards publish separate annual reports, which are posted on the INTRD website.

LINES OF BUSINESS

SMALL AND MEDIUM-SIZED ENTERPRISES (SME) DEVELOPMENT

Encompassing the business development, enterprise promotion, export development and trade functions of the Department, SME development involves the provision of funding and business support services, such as counseling and export development support, to eligible small and medium-sized enterprises operating in the province. Client firms must be resident, or plan to be resident in the province to qualify.

INDUSTRIAL DIVERSIFICATION

The Department supports new and emerging industries and value-added initiatives in established industries that show significant growth potential in the province. This encompasses the regional economic development, strategic industries and technology sector development functions of the Department. Supports include policy development, strategic planning, capacity building, counseling, negotiation, brokering, facilitating business networks and financial assistance.

INNOVATION

The Department fosters the development of an innovative culture throughout the province and provides support to industry, labour, academic and other research and development institutions involved in innovative projects. Emphasis is placed on increasing public and private investment in research and development infrastructure, enhancing commercialization activity and supporting the growth of industry clusters.

LINES OF BUSINESS

INVESTMENT

The Department works with the Department of Business to ensure successful attraction of direct investment to the province. Staff members partner with officials from the Department of Business to provide support services to firms interested in locating and investing in the province.

ECONOMIC INTELLIGENCE

The Department provides timely business, economic and market intelligence and competitiveness indicators at the regional, provincial, national and global levels for use by government, business, labour and other stakeholders. This service is offered in partnership with the Department of Finance and the Newfoundland Statistics Agency.

Organization and Staffing

- The Department is structured into four branches:
- Trade and Investment
- Regional Development
- Strategic Industries and Business Development
- Innovation

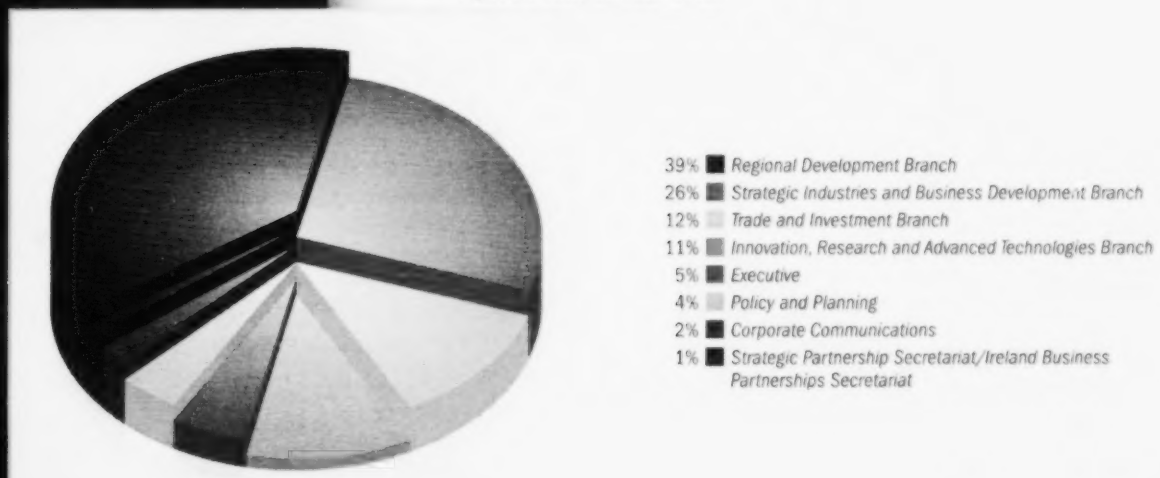
Branches are supported by three corporate services divisions: Policy and Strategic Planning, Communications, and Information Management, and two Secretariats: Strategic Partnership and the Ireland Business Partnerships.

The Department is decentralized with 180 employees operating from offices throughout the province including five regional offices, 17 local area offices, corporate headquarters in St. John's and a second corporate office responsible for portfolio management and administration in Marystown. The Department also provides staff resources to the Canada-Newfoundland and Labrador Business Service Centre (Appendix B: regions/office locations).

Just under 90 per cent of staff work in program and service delivery divisions; 39 per cent in the regional development branch and 37 per cent in the two industry development branches. Executive and corporate support staff make up less than 11 per cent of the total staff complement.

The gender of INTRD staff is almost equally distributed with 91 males and 89 females. Among managers and executives, 34 per cent are female and 66 per cent are male. However, for management under 50 years of age, the ratio is 52 per cent female to 48 per cent male. The average age of Department staff is 45 years, compared with an average of 43 years for the Provincial Government overall.

Figure 1.1 INTRD Staff Distribution


39% Regional Development Branch
26% Strategic Industries and Business Development Branch
12% Trade and Investment Branch
11% Innovation, Research and Advanced Technologies Branch
5% Executive
4% Policy and Planning
2% Corporate Communications
1% Strategic Partnership Secretariat/Ireland Business Partnerships Secretariat

Budget and Expenditures

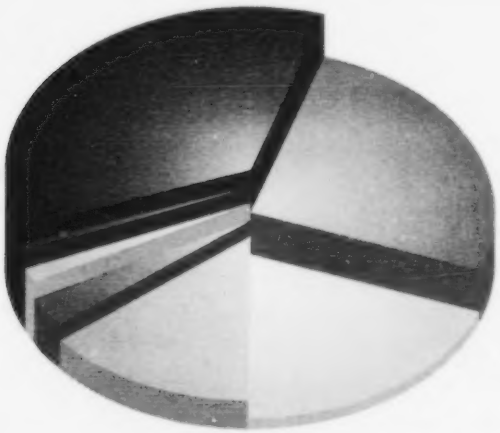
The Department's approved budget for 2007-08 was $58.0 million, an increase of $12.4 million over 2006-07. Net expenditures, after revenue, totaled $39.5 million for the year, an increase of $9.8 million from 2006-07. For further budget details see Appendix A – Statement of Financial Performance.

Approximately 25 per cent of the Department's 2007-08 expenditures were allocated to salaries and benefits. The remainder was split between programs, strategic initiatives and corporate services (see figure 1.2).

INVESTMENT PORTFOLIO

The Department's investment portfolio, as reported by the Business Investment Corporation, received repayments of $3.4 million in 2007-08, ahead of the forecasted repayments of $2.2 million.

Figure 1.2 INTRD Expenditures by Main Allocation



$14,000,000	35.5%	*Innovation and Advanced Technologies*
$10,200,000	25.8%	*Salaries and Benefits*
$7,700,000	19.6%	*Regional Development and Service Delivery*
$5,500,000	13.9%	*Business and Industry Development*
$1,200,000	3.1%	*Trade Development and Investment Promotion*
$500,000	1.2%	*Strategic Partnerships*
$300,000	0.9%	*Corporate Services/Administration*

(Expenditures are rounded to the nearest 100 thousand)

The balance of the Department's budget is allocated annually to supporting business initiatives, development projects and activities of other agencies. In 2007-08, INTRD investments, grants, and subsidies totaled $25.1 million (63 per cent of net expenditures), including $10 million invested in the Trans-Gulf initiative.

Mandate

The mandate of the Department of Innovation, Trade and Rural Development is to lead:

- the creation and maintenance of a competitive economic environment that encourages and supports private business growth and long-term sustainable employment opportunities for the people of the province;
- the diversification of the economy on a provincial and regional basis, with particular attention to rural areas;
- the promotion and encouragement of increased trade and exort of goods and services by provincial industries and businesses in the national and international marketplace;
- the creation of a climate conducive to innovation in business through the facilitation of research and development, technology transfer and technology commercialization within provincial industries and individual business enterprises;
- the provsion of business information, counselling and financial support programs and servies to small and medium-sized enterprises; including private businesses, co-operatives, credit unions and community development corporations to stimulate economic and employment development within the province;
- promoting the value of an enterprise culture and encouraging economic self-reliance throughout the province; and
- the negotiation and administration of comprehensive federal/provincial economic development co-operation agreements and other forms of collaboration.

PROFILE
BLUE LINE INNOVATIONS

"Innovation in Business Award"
Blue Line Innovations is a leader in the creation of real-time energy feedback technologies that deliver superior value to the energy sector to meet their demand-side management objectives. In 2006, the company received the Association of Energy Service Professionals Award for Outstanding Energy Efficiency Technology Deployment. Blue Line's flagship product, the PowerCost Monitor™ shows consumers at a glance, in real-time, how much electricity the home is using in dollars and cents and kilowatts. This saves the consumer money while having a positive impact on the environment. Blue Line has been involved with national and international clients and demonstration projects. In 2008, Blue Line entered an agreement with Elster Group to jointly market an integrated power cost monitor.

The Innovation in Business Award recognizes a company for its outstanding achievement in creating new opportunities to advance its business through innovation. The recipient has successfully launched an innovative product, process, or service through its strategic risk-taking. This approach has positively impacted the company's growth and market potential.

TAKING ACTION ON PRIORITY ISSUES

In 2006, INTRD released a two-year strategic plan which described the two-year goals and annual objectives for four strategic priority issues: innovation, ocean technology, export development and small business growth. 2007-08 was the final year of the strategic plan and reporting on the full planning cycle is now required. Therefore, in accordance with the Transparency and Accountability Act, this section of the performance report provides an account of the Department's progress in meeting its two year strategic goals (2006-2008), including the 2007-08 objectives.

Innovation

The commercial value of innovative goods, processes and services is a driving force in the economy of Newfoundland and Labrador, creating employment and attracting new business development activity.

In *Innovation Newfoundland and Labrador: A Blueprint for Prosperity*, the Provincial Government set out a strategic framework to support innovation as a basis for a stronger, more diversified and competitive provincial economy. The Blueprint for Prosperity aims to increase the province's capacity for innovation so that we can compete more successfully in the global marketplace, and grow and prosper as an economy and a society. The strategy contains four strategic directions:

- fostering a culture of innovation;
- positioning the province as a competitive economy;
- broadening education and skills development; and
- enhancing research and development, and commercialization capacity.

Our two-year strategic goal was *to have acted on all priorities of the provincial innovation strategy by fiscal year end 2008.*

STATEMENT OF PROGRESS

By the end of 2007-08, the Department, in partnership with a broad range of internal and external stakeholders, was successful in meeting its goal of having action initiated on all strategy priorities.

The Department helped to *foster a culture of innovation* by encouraging and supporting the development of new products, processes and services in companies and organizations throughout the province. Through targeted networking and marketing, including several innovation-focused editions of the *Vision Magazine* and the *Ambassador* newsletter, staff worked to raise the profile of innovation and research within the public and private sectors. The successful Export Awards were re-launched as the Export and Innovation Awards. New awards of recognition for Innovation in Business and Distinction in Innovation, and two Awards of Merit for youth in innovation were presented.

To *enhance the province's competitiveness position*, innovative companies and institutions were profiled in the New England states, San Diego and the United Arab Emirates. The Department also worked with the Ireland-Newfoundland Partnerships, the Irish Marine Institute and Enterprise Ireland to profile Newfoundland and Labrador innovation and research capacity in that country.

Government invested significantly in the Trans-Gulf fibre optic network to mainland Canada, enhancing and expanding key innovation infrastructure. Targeted sector development efforts also took place in ocean technology, information and communications technology, environmental technology, lifesciences and aerospace and defense.

To support *enhanced research and commercialization*, over $20 million has been made available to companies, organizations and researchers in the last two years to support the development of ideas, products, processes and services locally. Next round funding was secured to expand the Industrial Research and Innovation (IRIF) Fund to include the College of the North Atlantic, an inventory of public sector research and development needs and opportunities was created, and groundwork was laid for the creation of a provincial research council. INTRD also began work on the creation of a proposed centre of excellence for human genetic research in collaboration with the Departments of Education and Health and Community Services, Memorial University, the Eastern Health District and the Canada Foundation for Innovation.

In our efforts toward *broadening education and skills development*, we have partnered with the Department of Education, Memorial University and the College of the North Atlantic, to assess innovation-related occupations and labour market needs. The results of this effort will help to better target innovation scholarships and a graduate incentive program in the future. INTRD also worked with the Department of Education to develop new funding components under the Industrial Research and Innovation Fund. These new components will enable Memorial to provide research support for new faculty, and CNA to support early stage research and innovation activity.

2007-08 Goal	By 2008, the Department of Innovation, Trade and Rural Development has acted on all priorities of the provincial innovation strategy.
Measure	All innovation strategy priorities are being acted upon.
Indicator 1	Activities are coordinated with the Federal Government and industry partners.
Activity	Effective working relationships are in place with key federal agencies and industry associations. The Atlantic Canada Opportunities Agency, Industry Canada and the National Research Council collaborate with INTRD on a project-by-project basis, and on broader sector development initiatives.
Indicator 2	Provincial and leveraged dollars invested in innovation activities.
Activity	Between April 1, 2006 and March 31, 2008 the province invested $21.0 million in innovation related activities. That funding leveraged an additional $74.8 million from other sources.

PROFILE
ACE MEMORIAL

"Innovation Award of Merit"

ACE (Advancing Canadian Entrepreneurship) Memorial is comprised of 86 students at Memorial University of Newfound-land. Established in 1992, ACE Memorial is committed to increasing entrepreneurship in this province and is part of a network of ACE programs on campuses across Canada. Each year ACE teams compete regionally, nationally, and internationally showcasing their talents. For three consecutive years, ACE Memorial has won the national title earning them the opportunity to represent Canada at the SIFE (Student in Free Enterprise) World Cup. In 2007, ACE Memorial finished second in the world among over 1800 teams. This October, ACE Memorial will once again represent Canada at the SIFE World Cup in Singapore.

PROFILE
C-CORE

"Distinction in Innovation Award"

Created in 1975, C-CORE was established as an independently funded, not-for-profit organization to conduct research and provide innovative solutions to support the development of Canada's cold ocean related industries. Throughout its evolution as an international player, C-CORE has remained committed to this province and its people. Today C-CORE is a thriving organization employing more than 70 highly qualified engineers, scientists, and business professionals who collaborate with industry to develop innovative technologies and apply new knowledge in the areas of geotechnical engineering, ice engineering, intelligent sensors, and remote sensing. C-CORE's involvement with projects is wide ranging and diverse -from emergency locator devices to a website that tracks the location of icebergs for visitors to Newfoundland and Labrador.

The Distinction in Innovation Award recognizes an individual or group that makes an outstanding contribution towards Newfoundland and Labrador's innovative culture. The recipient is a leader who is enthusiastic about fostering new ideas that has positively impacted the province and its people. The recipient has created or identified successful opportunities for industry by collaborating and building partnerships.

2007-08 Objective	By 2008, strategy recommendation related to innovative clusters, partnership development and innovative culture have been implemented.
Measure	Action is initiated on all cluster development, partnership development and innovative culture recommendations.
Indicator 1	Implementation funding is approved for the 2007-08 fiscal year.
Activity	Funding of $6.5 million was approved in the 2007-08 budget, $5.0 million in new funding and $1.5 to carry over projects and activities initiated the previous year.
Indicator 2	Provincial and leveraged dollars invested in innovation activities.
Activity	During 2007-08 the province invested $12 million in innovation related activities. That funding leveraged an additional $56.8 million from other sources.
Indicator 3	Continued support for existing clusters and facilitation of new cluster development opportunities in the province.
Activity	The focus for 2007-08 has been on activities designed to grow the ocean technology cluster. The Department also fostered development of the aerospace and defence sector, including the Unmanned Aerial Vehicle (UAV) sub-cluster. Staff are currently developing an updated industry profile for the life sciences cluster to inform development opportunities.
Indicator 4	Celebration of innovators through the establishment of the Innovation Awards and a scholarship fund.
Activity	New provincial awards were presented for the first time in April 18, 2008 at the newly combined Export and Innovation Awards ceremony. The awards recognized company and organization achievements for 2007-08. INTRD and the Department of Education are assessing gaps in scholarship funding to allow better targeting of a new innovation scholarship fund.
Indicator 5	Collaboration with other provincial departments, the Federal Government and industry to invest in opportunities that help build innovative capacity for the province.
Activity	In 2007-08, the Department collaborated with the Department of Business on inward investment and business attraction opportunities in research and technology-based industries. INTRD worked with the Department of Fisheries and Aquaculture to capture innovation-intensive spin-off activities related to ocean observing systems. The Department collaborated with the Atlantic Canada Opportunities Agency and the Marine Institute to move the SmartBay project to the next phase. Industry partners in the above initiatives included OceansAdvance and the Newfoundland and Labrador Association of Technology Industries (NATI). In partnership with ACOA, the Department provided funding to complete a diagnostic assessment for the Newfoundland and Labrador Science Centre in preparation for its new role in building innovation capacity with the province's youth.

Ocean Technology

Local firms and research centres in the ocean technology and marine science sector are recognized internationally for their capability in research and technology development. Given our world-class infrastructure and proven technology development capabilities, the Department, in the last two years, has been expanding on the 2004 Marine Technology Sector Strategy. The new Ocean Technology Sector Strategy will reinforce the province's reputation as a national and international leader in ocean technology and enhance industry strengths in the development of competitive niche products, services and expertise. The province is focusing on the ocean sector because of the significant opportunities it poses for economic growth.

Our two-year strategic goal was *to have assisted the ocean technology sector to expand.*

Statement of Progress

By the end of 2007–08, the Department was successful in carrying out a number of initiatives to assist the ocean technology sector to expand. Activities ranged from profiling local firms and ocean-related institutes in potential markets, to industry cluster and strategy development, and the pursuit of partnerships with leading international ocean researchers.

Market profiling: Over the 2006 to 2008 planning period, INTRD staff led seven ocean-related trade missions including: Oceans 2006 (Boston), the 2007 Conference and Exhibition (Vancouver), Ocean Business (United Kingdom), Oceanology 2008 (United Kingdom), OceanTech Expo (Rhode Island), Ocean Innovation (St. John's and Halifax), and International Workboat Show (New Orleans). The Department provided access to an American specialist in ocean technology to conduct matchmaking and business development between local and U.S. companies and organizations, and collaborated with organizations such as the Newfoundland and Labrador Association of Technology Industries and OceansAdvance, to lay the groundwork to pursue market opportunities in New England, San Diego, Mexico and Ireland.

Cluster and strategy development: Funding was provided to support OceansAdvance, an industry led cluster organization, with the mandate to grow the ocean technology sector in Newfoundland and Labrador. OceansAdvance undertook a comprehensive, industry-based strategic foresight process. Results from this Foresight process will inform the province's strategy development process. When completed, the result will be an aggressive industry development strategy designed to grow the value of the provincial ocean technology sector to $1 billion by 2015.

Research and technology partnerships: The Department continued to develop research partnership opportunities in Ireland and Rhode Island resulting from Memoranda of Understanding (MOU) signed with these jurisdictions. Academics from the Woods Hole Oceanographic Institution in Massachusetts visited the province to discuss future collaboration on ocean observing initiatives of significant interest to Newfoundland and Labrador. Based on these discussions, as part of the forthcoming Ocean Technology Sector Strategy, INTRD is proposing a series of ocean observing-related initiatives known as the Polaris Program. The objective is to develop local industrial and institutional capability in leading-edge technologies that monitor and predict ocean and atmospheric conditions. The Polaris Program will lay the groundwork for an even larger, integrated observing system which is being proposed by the Northwest Atlantic Ocean Observation System Partnership (NAOOSP), a local group of ocean observing stakeholders from industry, academia and government.

PROFILE
VIRTUAL MARINE TECHNOLOGY

"Smooth Sailing Ahead"

Newfoundland and Labrador is no stranger to disasters at sea. They come as part of living and working so close to the ocean. There is little to stop ships or oil rigs from sinking, but you can prevent death and injury with lifeboats and proper evacuation training. Virtual Marine Technology (VMT) is improving the safety of life at sea by providing realistic, effective and safe training tools for small craft operations. Its simulators allow crew of small marine craft to train for real-life situations in environments that are often too dangerous and costly for live boat exercises.

INTRD has contributed $500,000 from the Industrial Research and Innovation Fund (IRIF) to Dr. Veitch of Memorial University as part of a $3,352,605 project studying small craft simulation backbone technology development. The project will develop the framework for Virtual Marine Technology (VMT) to introduce market-ready prototypes for small craft simulation training. The project is a major component in a research and development strategy through which a multi-disciplinary team will provide the intellectual foundation for a sustainable competitive edge in small craft simulation.

2007-08 Goal	By 2008, the Department of Innovation, Trade and Rural Development has assisted the ocean technology sector to expand.
Measure	**Sector growth.**
Indicator 1	Provincial investment in growth opportunities with Newfoundland and Labrador ocean technology firms.
Activity	INTRD approved six projects with ocean technology related firms, totaling $2.0 million in provincial funding.
Indicator 2	Number of client firms reporting successful growth projects.
Activity	The majority of the growth projects are multi-year and not scheduled to reach completion by year end 2007-08. Each client firm has indicated their projects are proceeding in a satisfactory manner.
Indicator 3	Provincial and leveraged dollars invested in innovation activities (e.g. industry marketing, network development and industry infrastructure).
Activity	Provincial and leveraged dollars invested in innovation activities with the ocean technology sector totaled $6.6 million and $5.0 respectively from 2006 to 2008. This amount includes investments in client growth initiatives.

2007-08 Objective	By 2008, the Department of Innovation, Trade and Rural Development has assisted the sector to reduce existing commercialization gaps.
Measure	**Ocean technology sector firms take advantage of funding and other supports for commercialization activities.**
Indicator 1	Provincial and leveraged funding, and assistance, provided to ocean technology sector firms, associations and activities (in total and targeted at reducing commercialization gaps).
Activity	Total provincial and leveraged funding provided to ocean technology firms and associations in 2007-08 reached $6.4 m and $5.0m respectively. Projects by Northern Radar, Terra Nova Marine, Virtual Marine Technology, and Aquatek were active in 2007-08, each involving client-identified commercialization opportunities. Projects are valued at $4.9 million, including $1.7 million in provincial contributions and $3.2 million leveraged from other sources.
Indicator 2	Activities undertaken to identify and address commercialization gaps.
Activity	During 2007-08 the Department utilized the Commercialization program as its main tool to address commercialization gaps identified by clients (see project details under indicator 1 above). During the year, the Department also identified additional gaps and opportunities to be addressed under the Ocean Technology Sector Strategy. Work has been completed with industry proponents to develop priority activities and initiatives to be undertaken once the strategy is launched. Beginning in 2008-09 Strategy activities will target companies, institutions and international marketing as a first priority. The Strategy will be launched in Fall 2008 with a first year budget of $4.18 million.

Export Development

The growing trend toward reduced trade barriers and globalization over the past two decades has opened new opportunities for Canadian companies to compete in international markets. This is particularly true for small and medium-sized enterprises (SMEs) and non resource-based businesses. In 2007, Newfoundland and Labrador exported $11.9 billion in goods and services to international markets. The ratio of inter-provincial exports to international exports, was one dollar in domestic trade for every one dollar and twenty eight cents in international trade. This makes exporting a key element of the province's economy and a strategic issue for INTRD.

While there are a number of agencies and companies offering trade and export development services in the province, our research has shown a need for additional services and a desire for a more coordinated approach. INTRD launched its new Export Development Strategy as a result. The Department's export activities will focus on making companies aware of the opportunities available, preparing them to compete effectively in these markets and providing appropriate supports.

Our two-year strategic goal was *to become recognized as a leader in the provision of export development services in the province.*

STATEMENT OF PROGRESS

By the end of 2007-08, the Department was able to substantively meet its goal of being recognized as a leader in the provision of export development services in the province.

Activities with the private sector have increased substantially in the last two years, especially with respect to trade missions. Export development information sessions were held in locations throughout the province to promote initiatives such as the Business Networks Program and export opportunities in New England and other markets. INTRD also participated with Export Development Canada, the Atlantic Canada Opportunities Agency and industry groups in industry forums designed to make market expertise and border security and other information available to local firms.

The Export Development Strategy was finalized and implementation activities initiated early in 2007-08. The strategy focuses the Department's export development efforts on key markets. Staff assignments have been re-aligned with the priorities outlined in the Strategy. The Department is also completing a new Export Readiness Program Pilot. Designed to better equip Newfoundland and Labrador companies to compete in the global marketplace, the program includes a diagnostic to assess the level of export readiness in participating firms, and an individually-tailored training program to increase export skills.

PROFILE

GENOA DESIGN

"Designers to the World"

Located in the picturesque town of Conception Bay South, Genoa Design International Ltd. has been providing naval architecture technology services to the marine and offshore industries since 1995. The company began when Leonard Pecore converted his front porch into an office to work on a contract for the B.C. Ferry Service. It was here he discovered that delivery using email and other means was slow and began to think about developing a better capacity to work with clients over long distance using the Internet. Today, Genoa Design consists of a close knit group of employees with experience in shipyards, fabrication sites, and research and development facilities.

The company offers clients services from delivering detailed technical drawings and drafting of offshore rig and ships' structure, outfit and piping systems - to providing consulting on vessel structure, stability, outfit, machinery, and electrical systems - to production design. Staff specialize in 3-dimensional models to enable designers to generate assembly drawings with bills of materials, nested plate drawings and a corre-sponding NC code. Genoa Design provides its services world-wide using Internet technologies. The Design Information Control System, Genoa Design's copyrighted Internet software, is responsible for project management.

PROVINCIAL EXPORT DEVELOPMENT STRATEGY

Completed in 2007-08 and launched with $500,000 in new funding, the Export Development Strategy identifies two market tiers that have been targeted for local companies.

TIER ONE MARKETS offer long-term, strategic and multi-faceted opportunities; they include New England, Ireland and Iceland.

TIER TWO MARKETS offer broad export opportunities in one or more sectors, and include Greenland, American states outside New England, and the United Kingdom.

2007-08 Goal	By 2008, the Department of Innovation, Trade and Rural Development will be recognized as a leader in the provision of export development services in the province.
Measure	**The Department is recognized as a leader in the provision of export development services in the province.**
Indicator 1	Export development programs and services are marketed effectively to the province's business community.
Activity	Sessions were held in a number of locations throughout the province to provide companies and organizations with information on programs and export opportunities. (For an indication of marketing effectiveness see indicator 2 below)
Indicator 2	Programs and services are operating at or near full capacity.
Activity	Record activity levels were reached in both 2006-07 and 2007-08 for trade missions. Funding under the International Trade Assistance Program and the Business Networks Program increased over the same period. Staff have been fully engaged with the ramp-up of activities under the new export strategy and report programs and services operating at or near full capacity.
Indicator 3	Clients consistently rate INTRD satisfactory or higher on its export development programs and service.
Activity	During November and December 2007, a survey was completed of participating companies involved with departmental-led trade missions over the 2006-08 period. A total of 51 companies responded; the participants indicated that they were very satisfied with the efforts of the Department.

2007-08 Objective	By 2008, the Department of Innovation, Trade and Rural Development will have implemented its new export development approach, including a targeted trade initiative with Ireland.
Measure	**INTRD's new export development approach is implemented.**
Indicator 1	Internal resources are allocated to implement the export strategy.
Activity	$500,000 in new funding to support export model implementation was approved in the 2007-08 budget. Staff have been fully engaged in strategy implementation during the year.
Indicator 2	New export development services are targeted at filling gaps.
Activity	The Department has completed development of a new Export Readiness Program, the single most significant gap identified by the department's clients. The program will be piloted in Fall 2008 with 10 to 15 companies for a 12 month period.
Indicator 3	The Department is active in its geographic target markets (trade initiatives with firms, missions and selected shows).
Activity	During the 2007-08 fiscal year, the Department undertook 17 trade missions, involving 131 participants. Mission participation from companies based in rural parts of the province has been particularly good, reaching 36.3 per cent of total participants.

2007-08 Objective	By 2008, the Department of Innovation, Trade and Rural Development will have implemented its new export development approach, including a targeted trade initiative with Ireland.
Measure	**INTRD's new export development approach is implemented.**
Indicator 4	Ireland trade initiative is launched.
Activity	The Ireland Trade Initiative was successfully launched in 2007 with two missions. Seven companies participated in an outgoing multi-sector trade mission. An incoming mission involving Irish firms and agencies in the ocean-tech industry was also completed that year. Two additional multi-sector trade missions are scheduled for 2008-09.

Small Business Growth

Ninety-eight per cent of Newfoundland and Labrador's companies have less than 100 employees. These small and medium-sized enterprises (SMEs) employ almost 40 per cent of the province's total workforce. As an economic engine, SMEs are equally important in rural and urban parts of the province. That makes this segment of the economy essential to the province's overall development, and a strategic priority for the Department of Innovation, Trade and Rural Development

Our two-year strategic goal was *to have assisted Newfoundland and Labrador firms and ventures to access growth opportunities within the province and abroad.*

STATEMENT OF PROGRESS

By the end of 2007-08, the Department was successful in carrying out a number of initiatives assisting local firms and ventures to access growth opportunities in the province and abroad.

During 2006-07 and 2007-08, INTRD invested over $13 million in business-led growth initiatives worth an estimated $65 million. Forty-seven per cent of growth clients were seeking expansion through export initiatives, the remainder were focused on opportunities within Newfoundland and Labrador. Clients were drawn from the tourism, manufacturing, services, agrifoods, aquaculture, forestry, information and communications technology, environmental technology, bioscience, and the ocean technology sectors.

A business growth initiative that has been having significant success with clients is the Supplier Development Program. The program supports SME development by helping Newfoundland and Labrador firms identify and compete for public and private procurement contracts in local, national and international markets. The program is delivered through information and networking sessions, and includes working with public and private procurement officials on strategies that support local businesses. Since 2006 nineteen information and networking sessions have been conducted across the province to help local businesses access supply opportunities within the public sector and within the mining and aquaculture industries. An estimated 450 people participated in these sessions.

PROFILE
DYNAMIC AIR SHELTERS

"Blasting the Competition"

From locations in Grand Bank and Fortune, Dynamic Air Shelters Ltd. (DASL) manufactures inflatable temporary structures for the oil and gas, industrial, promotional and emergency response sectors. DASL's newest product – its blast resistant shelters have been tested to withstand blasts totaling 4.5 psi – an attribute that provides a distinctive competitive advantage in a global market. This product is being particularly well received in the oil refining sector where safety of work crews is of the utmost importance.

The company's product line ranges from unique promotional tents – inflatable shelters with the visual impact of a hot air balloon, while providing all season, all weather service as temporary shelter and on-site service facility – to easily deployed, durable industrial shelter solutions, to unique isolation products used world-wide for SARS patients, crime labs, and even for overflow in hospitals when there are tragedies such as 9/11. The company has even provided tents for media centers for world-class sporting and events such as the G-8 summit, and even a shelter for a diamond mine in the Arctic!

Dynamic Air Shelters is a Calgary based company that moved its entire production facilities to Grand Bank based solely on the productivity of workers in the area. With support from INTRD, Dynamic has been progressively expanding its staff and manufacturing capacity at their plants in Grand Bank and Fortune. The company is projecting sustained production and employment levels through new distributor arrangements for North American markets and increases in sales of its blast resistant shelters.

In 2007-08, staff conducted post-session evaluations to identify the long-term benefits of supplier development sessions that had been held in 2006-07. A number of successful contract awards and negotiations were directly attributed to session participation. In addition, based on feedback from the local business community identifying the need for a comprehensive directory of public sector procurement officials to assist in the identification of supply opportunities in the province, the Department partnered with the Office of the Chief Information Officer (OCIO) to develop a *Public Sector Procurement Directory*. Anticipated project completion is 2008-2009.

The feasibility of developing a manufacturers' database and subsequent *Newfoundland and Labrador Manufacturers' Directory* to promote the development of the local manufacturing industry was also explored with the OCIO. Further discussions will take place in 2008-09 regarding this initiative, which will be a collaborative effort of the Supplier Development and Manufacturing sectors of the Strategic Industries Division.

2007-08 Goal	By 2008, the Department of Innovation, Trade and Rural Development will have assisted Newfoundland and Labrador firms and ventures to access growth opportunities within the province and abroad.
Measure	**Newfoundland and Labrador firms and ventures assisted to access growth opportunities.**
Indicator 1	Provincial and leveraged investments made in growth opportunities.
Activity	Provincial and leveraged investments made in growth opportunities between April 1, 2006 and March 31, 2008, totaled $13.3 million and $51.3 million respectively[1].
Indicator 2	Number of client firms reporting successful growth projects.
Activity	Staff complete account status reports annually to assess the status of the firm and check on project progress. A similar annual progress check is made of clients of the Commercialization program. Feedback from these two sources indicate the majority are in too early a stage in their projects to report measurable results at a firm level.

Note 1: Totals include investments from various INTRD business support programs. For investment by program details see Table 5: Investment in Business Enterprises (page 27).

2007-08 Objective	By 2008, the Department of Innovation, Trade and Rural Development will have doubled the number of business network initiatives underway in the province.
Measure	**The number of business network initiatives is doubled.**
Indicator 1	Number of business network initiatives operating in the province in 2007-08 compared to 2005-06.
Activity	In 2007-08 there were six business networks operating in the province compared to two in 2005-06. The number of network projects supported increased to seven from five in 2006-07. The total value of projects more than doubled from $159,390 in 2006-07 to $381,475 in 2007-08.
Indicator 2	Funding provided to support network development and network activities.
Activity	Seven projects were approved in 2007-08 for a total of $110,191 in provincial support.

TAKING ACTION ON STRATEGIC DIRECTIONS

This section describes INTRD's activities in support of five of the Provincial Government's broad strategic directions including:

- Regional diversification and industry growth
- Innovation enhancement
- Small and medium-sized enterprise business supports
- Business promotion, trade, and investment development
- Business, industry, and economic intelligence

The Department's responsibilities and activities under these strategic directions span many sectors and engage staff in a range of regional development and business support activities. Although these activities do not always fall directly under INTRD's priority issues, they are critical components of the comprehensive services delivered by the Department. This is particularly the case for activities in support of regional diversification and industrial growth.

Regional Diversification and Industry Growth

PROVINCIAL OUTCOME:
DIVERSIFIED AND STRENGTHENED REGIONAL ECONOMIES

Since 1998 the province's economy has experienced strong growth in offshore oil production, mining, a diversified fishery, residential and commercial construction, tourism and manufacturing. Employment has grown, wages are higher and consumer confidence is increasing; however, challenges remain, including persistent under-employment and the need for economic diversification in some regions. In light of market weaknesses in fish processing and paper manufacturing, the challenge of reducing single industry dependency is particularly significant.

The Provincial Government recognized the need for a coordinated, integrated economic strategy for regional economic prosperity. In consultation with the citizens of Newfoundland and Labrador, the province developed guiding principles. Regional economic development policy must:

- emphasize regional industrial diversification;
- link industrial development to small business creation;
- recognize the linkages between social and economic planning;
- emphasize innovation and technology as cornerstones for industrial development; and
- be understood in the context of strategies that will create new business opportunities and long-term sustainable employment.

In support of the Provincial Government's commitment to build on the strengths in rural communities and assist those communities to expand their economies, INTRD continued to implement a comprehensive economic and regional development strategy for the province. With a focus on identifying key priorities for sustainable development in every region, the Comprehensive Regional Diversification Strategy (CRDS) identifies and directs strategic investments necessary to advance economic, social, cultural and environmental development in all regions.

PROFILE
COASTAL HERITAGE

"Unique heritage going global"
Have you ever wondered how the early peoples of Labrador survived and thrived in their challenging environment? Perhaps you have an ear for traditional stories, oral histories and music? Or are interested in trying your hand at traditional crafts? The Coastal Heritage Experience project believes there are many people like you. People who don't just want to visit a region – they want to really experience it.

The Coastal Heritage Experience is bringing natural and cultural heritage together, creating an extensive collection of traditional knowledge for the development of unique products and presentations that enhance the tourism experience. And with a focus on internet technology, that experience can now be first hand, or from your home computer. Local people are contributing their traditional knowledge in subsistence and survival, wild foods, oral histories (including music and stories), and technical knowledge, including crafts to share with interested people around the world.

Led by SmartLabrador, the project is also developing the Digital Knowledgebase Toolkit–a set of tools for recording and storing traditional knowledge– which can in the future be applied to other regions in the province and elsewhere. The Toolkit will be an exportable IT product that will include "How To" guides, IT tools (web-based programming, design templates) and processes for the collection, storage and access of local knowledge.

The goal for the Coastal Heritage Experience is to increase local tourism traffic and industry revenue by 10% over three years. By the year 2020, CHE organizers are planning on growing tourism industry traffic to 50,000 visitors, and industry revenue to $40 million annually.

PROFILE
MOULDER OF DREAMS

"Shared Vision – Joint Action"

After more than two years of strategizing, planning and building partnerships, the Advancing Canadian Entrepreneurship (ACE) Memorial team successfully re-opened Moulder of Dreams, a pottery studio in Port Hope Simpson, Labrador. The studio first opened in 2001 but was forced to close in 2005 due to sustainability issues.

The project is an excellent example of what can happen when the capacity of an institution like Memorial University is brought together with local leadership and community action. The ACE Memorial Team worked with the residents of Port Hope Simpson, the Atlantic Canada Opportunities Agency (ACOA) and provincial and municipal levels of government to develop an action plan to re-open the studio and make it sustainable.

The Moulder of Dreams pottery studio highlights the area's cultural history and adds to the tourism offerings in this region. The studio now employs eight Port Hope Simpson residents, including four living with Myotonic Dystrophy. The studio sells inukshuks, dinner sets and Newfoundland and Labrador related items through their studio, website and retail partners.

ACE Memorial provides university students interested in building entrepreneurial skills the opportunity to gain business experience, in this case through a project that also has substantive community benefits.

The Moulder of Dreams pottery studio is more than a business, it is a source of employment, physical therapy and social enrichment for members of Port Hope Simpson who have myotonic dystrophy, a type of muscular dystrophy that affects the nervous and muscular systems.

Since its inception in 2005, the CRDS and its supporting processes has enabled the Department to quickly identify regional strategic initiatives with the largest economic impact, particularly in rural communities, and provide the necessary support for sustained success. Strategic regional initiatives continue to be identified, supported and implemented.

In 2007–08, INTRD continued to work ACOA, Industry Canada, Service Canada, and the Department of Foreign Affairs and International Trade to further regional growth and diversification. In addition, partnerships with industry and business associations were established and maintained to support industrial growth. Local partners included Regional Economic Development Boards (REDBs), the Rural Secretariat, and municipalities. Collaborative relationships were also cultivated with the Provincial Departments of Business; Human Resources, Labour and Employment; and Tourism, Culture and Recreation.

Components of Regional Diversification and Industrial Growth	INTRD Contributing Programs/Activities
Partnerships and coordination	· Partnership development · Coordination of public investments · Regional development services · Community Capacity Building Program · Communities Taking Charge Program
Business retention, business expansion and new business establishment	· Business financing (various programs) · Business counseling and support services · Trade and export development · Supports to investment attraction · Business Retention and Expansion Initiative
Industry development and diversification	· Strategic industries development · Advanced technical industries development

STATEMENT OF PROGRESS

Economic activity is one of the best indicators of progress toward regional diversity and sustainability. Regional employment increased in three of the province's four labour force regions: West Coast/Northern Peninsula and Labrador region (1.8 per cent), Central Newfoundland/NorthEast Coast (one per cent), and Avalon Peninsula (0.6 per cent).

Regions continued to show a healthy distribution of businesses with 51.3 per cent of firms located outside of the Avalon Peninsula.

Note: Data sourced from Labour Force Survey (January 2008) and Business Register (December 2006).

MAJOR ACCOMPLISHMENTS

- The Regional Economic Planning and Development program, with an annual budget of $1.2 million, leveraged an additional $3.3 million from the Federal Government to undertake funding agreements with 19 Regional Economic Development Boards (REDBs), the Nunatsiavut Government, and the Newfoundland and Labrador Regional Economic Development Association (NLREDA). Funds were used for capacity building in support of economic development, policy and program research and development in support of clients, and collaboration with ACOA in ensuring a consistent and transparent relationship with regional clients.

- Funding was provided to sustain the Bay St. George Provincial Task Force to help strengthen and diversify the local economy after the closure of the mill in Stephenville. INTRD worked with the Community Development Committee and community leaders to advance the 38 economic initiatives (totaling $8.3 million) identified as priorities for development.

- In direct response to challenges in the fishery, INTRD participated in a Senior Officials Working Committee whose mandate is to develop a provincial response to fisheries issues. Government initiated a set of adjustment services for workers at fish plants designated as permanently closed. These services include short-term employment and transitional employment counseling. To date, the program has assisted over 600 workers from Fortune, Marystown, Port aux Basques and Trouty. In addition, starting in 2007, INTRD administered a targeted wage subsidy to help small and medium-sized enterprises create incremental jobs to employ displaced fish plant workers. Eighteen successful placements were made in 2007-08.

- INTRD staff delivered training workshops and economic–focused planning sessions to interested stakeholders with a clear link to economic development:
  - » Delivered 105 workshops through the Community Capacity Building and Communities Taking Charge programs. These help participating communities implement effective economic development and regional human resources planning.
  - » Worked with hundreds of community leaders and volunteers to help build local leadership capacity and draft integrated REDBs workplans.

PROFILE
DEER LAKE CHAMBER OF COMMERCE

"Business Builders"

The Deer Lake Chamber of Commerce is a community group whose philosophy is, that together, more can be accomplished for the greater benefit of the business and residential community.

One of the Chamber's many activities, the Deer Lake Area Business Retention and Expansion (BR&E) Project, has resulted in the development of a number of business building seminars, designed to assist existing and expanding businesses. Five of six seminars have been delivered and have been toted by the business community as highly successful. The Deer Lake BR&E Leadership Team continues to meet on a monthly basis and is putting another action plan in place in the Fall of 2008.

The tireless work of the Chamber was recognized this year by The Newfoundland and Labrador Chamber of Commerce as it honored the group with the 'Chamber of the Year 2007 Award".

- The Department continued to advance the Business Retention and Expansion (BR&E) initiative:
  - Supported 25 REDBs, Chambers of Commerce, municipalities and industry associations in BR&E planning and implementation.
  - Facilitated 23 regional and sectoral BR&E sessions.
  - Assisted the City of Corner Brook and its partners, the Greater Corner Brook Board of Trade, the Downtown Business Association and Sir Wilfred Grenfell College, in its efforts to design a program, train volunteers and implement a BR&E project.
  - In support of the Northern Strategic Plan, provided funding to follow-up on the recommendations from the BR&E program.

- INTRD partnered with ACOA and the provincial Department of Natural Resources to provide strategic investment in the cranberry industry to move the sector from research and development to the pre-commercial phase. This initiative will provide a solid industry base and create a stronger environment for investment attraction.

- A co-operative development partnership created in 2005 between INTRD and the Newfoundland-Labrador Federation of Co-operatives (NLFC) continued to thrive in 2007-08. A five-year Memorandum of Understanding (the first of its kind in Canada) was signed by INTRD and the NLFC during the Canadian Co-operative Association's national AGM in St. John's. It included a commitment to the continuation of a regional co-operative developers' network; development of training modules; and mutual promotion of each organization's programs. Partnership highlights for 2007-08 include:
  - Incorporated two new co-ops in the province.
  - Explored 24 potential projects for new co-operatives.
  - Continued identification of co-op development opportunities.

- The Department funded a number of significant initiatives through the Regional/Sectoral Diversification Fund (RSDF), including:
  - Investment in infrastructure for industrial diversification and growth in various sectors (e.g., establishing facilities to provide nutritional analysis of feed products for the fur farming industry, and developing infrastructure in Poole's Cove for the development of the aquaculture industry).
  - Restoration of the Garrick Theatre in Bonavista, in support of the cultural sector, and refurbishment of the Bernard Kavanagh premises in Ferryland as a regional arts centre.
  - Opportunity identification/planning for port development in the Town of Lewisporte.
  - Support for the tourism sector such as constructing a replica of the Lord Strathcona House as a facility to showcase and preserve the history of Rigolet.
  - Support for post-secondary institutions in knowledge-based services including: military training, para-medicine and first response safety training (Stephenville's CNA campus) and enabling firefighting training at the Marine Institute.

KEY MEASURES

The Department offered a range of services to regional development and diversification clients in support of projects across the province. During 2007-08 non-business client service requests were highest for organizational support, brokering, proposal development and information services. Depending on project requirements, service activity can vary significantly from year to year, as shown below.

Table 1: Services Provided to Non-Business Clients and Projects

Service Type	2007-08	2006-07	2005-06
Brokering	95	140	136
Business/Strategic Planning	29	21	9
Information Provision	225	167	78
Marketing Assistance	2	7	5
Needs Assessment	54	31	27
Organizational Support	116	110	88
Project Management Assistance	19	16	11
Proposal Development	73	48	40
Skills Development/Training	9	12	19
Total Activities	**622**	**552**	**413**

Source: INTRD's Client Information System
Note: As clients may access more than one service, totals do not equal total clients.

The Department maintained investments in regional and sectoral initiatives at the same level as 2006-07 ($6.1 million), however, the total value of the projects initiated actually increased. This is partially due to increased projects costs due to inflation but also reflects the more substantive nature of a number of the initiatives undertaken.

PROFILE

COLLEGE OF THE NORTH ATLANTIC - BURIN CAMPUS

"A Swell of Enthusiasm for Burin Peninsula technology"

When 14-year old Sarah Graham put the finishing touches on her high school science project on alternative energy using ocean waves in 2000, she probably wasn't thinking about how it might one day be used in disaster relief or spawn a new aquaculture industry. Her father, Mike Graham, administrator for the College of the North Atlantic - Burin Campus (CNA), and a team from CNA are creating quite the swell of enthusiasm both at home and abroad for this unique green technology, thanks in part to a contribution form the Department of Innovation, Trade and Rural Development's Regional Sectoral Diversification Fund.

In 2006 Graham began working with experts from the college's faculty and together they developed a wave-powered pumping system prototype. The device, consisting of a float and a semi-submersible cylinder, uses the energy inherent in ocean waves to pump water ashore.

Graham anticipates many shore and platform-based applications for this innovative technology including aquaculture, firefighting, fish processing and the potential for electrical generation by-product. While work on the prototype continues, including sea trials at Lord's Cove, Graham and his colleagues envision a large stage for the Burin Peninsula and this green technology.

Table 2: Investment in Regional and Sectoral Initiatives

Region	2007-08 Provincial Investment	2007-08 Leveraged Investment	2007-08 Total Project Value	2007-08 Number of Initiatives	2006-07 Provincial Investment	2006-07 Leveraged Investment	2006-07 Total Project Value	2006-07 Number of Initiatives
Avalon	$709,182	$2,370,889	$3,196,998	26	$243,169	$831,067	$1,102,078	17
Eastern	$1,452,216	$5,904,283	$7,777,272	14	$952,026	$2,479,772	$3,438,855	20
Central	$787,764	$2,719,207	$3,708,535	14	$363,554	$1,681,229	$2,159,304	9
Western	$1,804,327	$7,001,945	$9,072,160	32	$2,268,243	$4,679,921	$7,252,117	35
Labrador	$741,564	$3,705,028	$4,551,605	17	$521,379	$2,440,466	$2,964,057	17
Pan-Prov	$601,225	$3,076,695	$4,308,365	11	$1,793,175	$5,941,391	$7,792,566	9
Total	**$6,096,278**	**$24,778,047**	**$32,614,935**	**114**	**$6,141,546**	**$18,053,846**	**$24,708,977**	**107**

Source: RSDF program database
Note: For the Regional Sectoral Diversification Fund, leveraged amounts do not include contributions from other provincial government sources and HST rebates. The table above does not include approved amendments totaling $526,997.

INTRD's main business financing programs contributed more than $7 million toward business led growth and development projects worth a combined total of $43.8 million in new investment in the province. As regional breakdowns were not available for all programs in 2006-07, a comparison of investment by region over the two year period is not possible.

Table 3: Total Investment in Business Enterprises by Region (provincial and leveraged dollars), 2007-08

Program	Avalon	Eastern	Central	Western	Labrador	Total Project Value	Provincial Investment
Business and Market Development Program	$1,108,956	$353,576	$549,593	$925,767	$10,500	$2,948,392	$854,265
Small and Medium-sized Enterprise Fund	$4,083,269	$2,415,205	$3,699,370	$2,636,382	$510,213	$13,344,439	$3,151,002
Commercialization Program	$6,898,081	--	$15,000	$900,200	--	$7,813,281	$2,416,398
Craft Industry Development Program	$322,473	$14,646	$31,240	$41,782	$32,819	$442,960	$110,740
Other Funding Initiatives	$18,361,140	--	--	--	$881,000	$19,242,140	$503,636
Total	**$30,773,919**	**$2,783,427**	**$4,295,203**	**$4,504,131**	**$1,434,532**	**$43,791,212**	**$7,036,041**

Source: Funding program data from Portfolio Management Division, INTRD's Client Information System (CIS) and Innovation Research and Technology Division.
Note: Other projects refer to special funding initiatives undertaken from other than program funding sources.

It should be noted that sixty per cent of provincial and leveraged dollars allocated to INTRD's business clients targeted four main industry types: primary resource industries, manufacturing, health care and social assistance, and accommodation and food services. This is reflective of the relative size and importance of these industries to the provincial economy.

Innovation Enhancement

PROVINCIAL OUTCOME:
AN INNOVATIVE CULTURE

An innovative culture requires strong leadership to provide focus and to support enterprises, labour, educational institutions, governments and industry to contribute to their full potential. To be truly successful, all Newfoundlanders and Labradorians have to be part of the solution.

Through INTRD, the Provincial Government is developing and delivering initiatives and programs that identify and encourage new ideas and new ways of doing business. Private investment is one of the most important drivers of innovation activity. The latest comparison of Canadian provinces with respect to research and development spending as a share of GDP (2005) indicates that this province tied for seventh place. This reality has provided impetus for the introduction of new initiatives by INTRD to stimulate increased investment in research and development.

Components of Innovation	INTRD Contributing Programs/Activities
Research, development and commercialization	· Innovation Strategies · Life Sciences Sector Development · Industrial Research and Innovation Fund · Commercialization Program · Innovation Enhancement Program · Groundwork for creation of provincial research council
Skills training and technology infrastructure	· Trans-Gulf Fibre Optic Initiative · Government Broadband Initiative · Higher education and public-research funding · Partnership development (post-secondary)
Culture and awareness	· Youth Innovation Initiative · Collaboration for provincial promotion at international events · Dissemination of Innovation Strategy · Funding for innovation enhancement

STATEMENT OF PROGRESS

Creation of the Innovation Enhancement and Commercialization programs in 200-07 was the first of many steps toward supporting the growth of innovation capacity in the province over the long-term. Capacity growth is an essential ingredient for progress on most of the macro level innovation indicators.

PROFILE
DATASENTINEL

"Data to Go"

If you an operator of a small business with data storage and access required from all parts of the world, but limited in-house information technology capability than dataSentinel has the solution for you. DataSentinel's small device, essentially a modified USB thumb drive with infinite capacity, can be used from anywhere in the world, and access thousands of files.

Think "The Matrix Reloaded" meets the Swiss Banking system meets Napster and you soon get an idea of what the company is doing. With the growing world economy, the amount of data generated by companies and stored on hard disks is growing exponentially. This growth is matched equally by the need to access that data at any time of the day or night from anywhere in the world, while keeping it absolutely secure. DataSentinal solution is a radically new digital storage technology – the first truly anonymous file storage for the internet.

The company has even bigger plans for the future. DataSentinel will soon be offering a three-dimensional graphic interface that is simpler to operate than most commercial computer operating systems. And, the company plans to make retrieval possible from small hand-held devices such as cell phones and personal digital assistants.

The Department continued to deliver its innovation programs during the 2007-08 fiscal year. To promote the province's innovative capacity, INTRD participated in international events with the Federal Government, industry groups and companies. The Department also developed an awards program, with an award for Distinction in Innovation and an award for Innovation in Business established for the not-for-profit and business communities respectively.

Also notable is the Provincial Government's participation in the Trans-Gulf fibre optic network, which has considerably enhanced connectivity in many portions of the province. Government has flowed $10 million of the $15 million authorized for the Trans-Gulf build. Where competition exists, citizens are enjoying lower costs per megabit of data connectivity and a broad range of new services. For the first time, businesses are able to acquire data services at costs comparable to elsewhere in Canada.

Work has continued on the next phase of the Government Broadband Initiative (GBI) project and an RFP was issued in December 2007 to expand government's advanced network into more than 200 communities. This will be a multi-year contract to build and then operate the network on behalf of the Provincial Government. It is anticipated that many communities will receive services that are not presently available, such as high speed internet, voice over internet telephones and internet television.

MAJOR ACCOMPLISHMENTS

- Launched an Export and Innovation Awards Program.
- Contributed $10 million to the Industrial Research and Innovation Fund (IRIF) to help build the infrastructure for research and technology and foster technical expertise at the graduate and post-doctoral level.
- Laid the groundwork to establish the Provincial Research and Development Council.
- Acted on all priorities of the Innovation Strategy.
- Continued work with the Atlantic Premiers Innovation and Productivity Working Group.
- Promoted the province's innovative capacity at international events.
- Secured provincial access to Trans-Gulf fibre optic line, which is now considered one of the most important elements of government-funded infrastructure.

Table 4: Investment in Innovation Activities

	2007–08				2006–07			
	Provincial Investment	Leveraged Investment	Total	Number of Initiatives	Provincial Investment	Leveraged Investment	Total	Number of Initiatives
Innovation Enhancement Program	$737,115	$927,105	$1,664,220	5	$538,130	$2,798,755	$3,336,885	5
Commercialization Program	$2,416,398	$5,396,883	$7,813,281	7	$1,742,401	$850,176	$2,592,577	7
Industrial Research and Innovation Fund (IRIF)	$7,953,098	$32,012,127	$39,965,225	73	$6,018,869	$11,779,887	$17,798,756	26
Information and Communications Technology	$9,500	$1,500	$11,000	1	$603,806	$2,545,989	$3,149,795	9
Marine Technology Strategy	$374,530	$230,900	$605,430	13	$166,326	$22,825	$189,151	6
Other Innovation Projects	$421,995	$18,302,054	$18,724,049	3	-	-	-	-
All Programs	**$11,912,636**	**$56,870,569**	**$68,783,205**	**102**	**$9,069,532**	**$17,997,632**	**$27,067,164**	**53**

Source: Innovation Research and Technology Division, INTRD.
Notes: 2006-07 figures have been modified from the 2006-07 Annual Report due to year end adjustments. Funds under the ICT were essentially exhausted during fiscal 2006-07. Other projects refer to special funding initiatives undertaken from other than program funding sources.

PROFILE
MAD ROCK MARINE TECHNOLOGIES

"Making lifeboat technology safer"

As a graduate student at Memorial University, Dean Pelley, the co-founder of Mad Rock, researched marine evacuation systems. What he found startled him; more people have been killed on lifeboats than have been saved by them.

With strong technical and engineering marine evacuation expertise, the Mad Rock team was "forged" from leading edge research conducted at the Institute for Ocean Technology, Memorial University and the Marine Institute. Dean and his colleague, Jason Dawe, started to develop products that would ensure safe evacuations in the marine industry. The company's main focus is the development of a new lifeboat release mechanism technology. The products are sold into international markets including the offshore oil, cruise ship, and merchant marine fleet.

Trade named the RocLoc, the company's technology prevents the premature release of lifeboat systems. The premature release of lifeboats was identified by the International Maritime Organization (IMO) as one of most serious problems in the marine evacuation system industry in 2001. In March 2007, the IMO agreed that all on-load lifeboat release mechanisms must be fail-safe by 2010.

Mad Rock's goal is to use state of the art technology to create high quality, safe, reliable products for customers and meet the demand that the IMO set.

Small and Medium-Sized Enterprise Business Supports

PROVINCIAL OUTCOME:
AN ENVIRONMENT SUPPORTIVE OF ENTERPRISE ESTABLISHMENT AND GROWTH

INTRD provides funding programs and business counseling services to help small and medium-sized businesses take advantage of growth opportunities and to build sectoral and regional networks and encourage partnerships that enhance capabilities and create opportunities.

Components of Small and Medium-sized Business Support	INTRD Contributing Programs/Activities
Business financing	· Small and Medium-sized Enterprise Fund Business and Market Development Program · Fisheries Loan Guarantee Program · Aquaculture Working Capital Fund
Business counseling and information services	· Trade and export information services · Small business counseling/support services · Sector development services · Business Retention and Expansion
Business networks	· Business Networks Funding Program · Regional Co-operative Development Strategy
Business financing aftercare	· Portfolio Management

STATEMENT OF PROGRESS

During fiscal year 2007-08, the Department focused on creating a business environment that supports the start-up of new enterprises, the expansion of existing ones and the attraction of new business investment. In 2006 there were 16,239 small businesses registered in the province, contributing to economic development in rural and urban regions. These small businesses comprised 98 per cent of total businesses province-wide.

Through our network of corporate, regional and field offices, INTRD provided business support services in all regions of the province. These services range from delivering the Department's own suite of programs to brokering with economic development partners to lobbying on behalf of clients.

INTRD's main business funding program, the SME Fund, invested in clients from the tourism, manufacturing, services, agriculture, aquaculture and forestry sectors. Commercialization funding was utilized by clients in manufacturing, information and communications technology, ocean technology, and environmental technology and bioscience. The business and market development program worked with clients in nearly all sectors represented in the province.

Total investment in and by INTRD client enterprises increased significantly in 2007-08 ($43.8m) compared to 2006-07 ($21.0m), primarily due to investment from other sources, mostly private. The provincial contribution to business investment also increased but by a smaller amount - $800,000. See Table 6 for investment totals by program.

MAJOR ACCOMPLISHMENTS

- Promoted INTRD investment programs to target sectors and clients.
- Contributed $7.0 million to SMEs across the province through the Department's major business financing programs. This investment helped leverage a further $36.8 million in investment from other sources.
- Conducted Business Retention and Expansion planning sessions to identify and address local issues impacting small businesses' ability to grow.
- Facilitated the development of an annual workplan for the Canadian Manufacturers and Exporters' Lean Consortium of local manufacturers.
- Conducted network discussions with food and beverage companies to develop joint shipping and marketing initiatives to Alberta.
- Regional, field office and corporate staff:
  - » handled 6,300 inquiries and requests for information from entrepreneurs, small business owners and other individuals;
  - » recorded more than 1,100 instances of specialized business counseling and other support services to entrepreneurs, companies and industry groups; and
  - » delivered 10,000 instances of business aftercare services to clients.

PROFILE

EXPERIENCE LABRADOR

"Opening the door to the Big Land"

Looking for the experience of a lifetime? Head to Cartwright and "Experience Labrador". Take a trip to the Wonderstrand where the Vikings first set foot in the New World, spend five days cruising around the island dotted bay, hike in the boreal forest at the base of the Mealy Mountain, or take a learning tour. Expect to see black bears, seals, whales, icebergs, caribou and polar bears as you head into the unexploited and untamed wilds of the Big Land.

Experience Labrador, is a family owned and operated business and a great entrepreneurial success story. The company's products have been featured in Explore Canada magazine where Labrador was touted as one of the top 50 "must-see" destinations in the world.

KEY MEASURES

Table 5: Investment in Business Enterprises

Program	2007-08 Provincial Investment	2007-08 Leveraged Investment	2007-08 Total	2007-08 Number of Initiatives	2006-07 Provincial Investment	2006-07 Leveraged Investment	2006-07 Total	2006-07 Number of Initiatives
Business/Market Development	$854,265	$2,094,127	$2,948,392	72	$1,085,589	$3,267,242	$4,352,831	112
Small and Medium-sized Enterprise Fund	$3,151,002	$10,193,437	$13,344,439	31	$3,476,460	$10,448,214	$13,924,674	33
Craft Industry Development	$110,740	$332,220	$442,960	43	-	-	$136,021	43
Commercialization	$2,416,398	$5,396,883	$7,813,281	7	$1,742,401	$850,176	$2,592,577	9
Other Funding Initiatives	$503,636	$18,738,504	$19,242,140	2	-	-	-	-
All Programs	$7,036,041	$36,755,172	$43,791,212	155	$6,304,450	$14,565,632	$21,006,103	197

Source: Funding program data from Portfolio Management and INTRD's Client Information System

Note: Last years figures under the Craft Industry Development Program only included the provincial investment and not the total investment, thus, 2007-08 figures are substantially higher. Other projects refer to special funding initiatives undertaken from other than program funding sources.

PROFILE
ORPHAN INDUSTRIES

"Exporter of the Year"

At the Newfoundland and Labrador Export and Innovation Awards luncheon, April 18, 2008 in St. John's, Orphan Industries Limited was recognized as the 2008 Exporter of the Year. Operating for only three years, the company has achieved remarkable success, growing to sixty employees and developing a strong presence in five export markets. Today, one hundred per cent of the company's sales are outside of the province of Newfoundland and Labrador.

A wholly-owned subsidiary of the DFB Group (formerly the D.F. Barnes Group), Orphan Industries Limited is an export manufacturing facility offering contract manufacturing, machining and fabrication of large-scale steel structures. The company is internationalyy known for the production of Launch and Recovery Systems (LARS) for some of the world's largest remotely operated vehicle (ROV) operators. LARS are 30-ton mechanical and hydraulic systems used to launch and recover ROVs during offshore operations, primarily in the oil and gas industry. These 30-feet-by-12-feet assemblies require precise fabrication that must adhere to a rigorous international regulatory regime to assure compliance and safety in harsh environments. In addition to Launch and Recovery Systems, Orphan Industries manufactures winches and Temporary Guide Bases (TGBs), which are the start of subsea oil and gas structures.

Orphan Industries Limited has clearly demonstrated it is possible to look beyond our shores and achieve commercial success. Through careful market analysis, an ongoing dedication to quality products, and a focus on results Orphan Industries Limited is helping push our province to new heights.

Table 6: Instances of Services to Business Clients and Industry Associations

Service Type	2007-08	2006-07	2005-06
Brokering	125	263	211
Business/Strategic Planning	68	82	292
Information Provision	772	1,007	977
Marketing Assistance	24	72	71
Needs Assessment	42	59	84
Organizational Support	40	26	28
Project Management Assistance	18	14	18
Proposal Development	67	50	69
Skills Development/Training	7	17	7
Total Activities	**1163**	**1,590**	**1,757**

Source: INTRD's Client Information System
Note: The values reported include repeat clients.

Business Promotion, Trade and Investment Development

PROVINCIAL OUTCOME:
INCREASED BUSINESS PROMOTION, TRADE AND INVESTMENT

The Department works with industry associations, individual exporters and other key stakeholders to continually improve export development, trade and business promotion benefits for Newfoundland and Labrador industries.

Components of Business Promotion, Trade and Development	INTRD Contributing Programs/Activities
Export development and promotion	· Trade Mission support · Provincial Export Awards · Market opportunity seminars
Investment development	· Support services to businesses locating in the province · Customer Contact Centres
Trade policy	· Internal Trade Policy · International Trade Policy
Enterprising culture	· Ambassador Program · Getting the Message Out Program · Vision Newfoundland and Labrador

STATEMENT OF PROGRESS

The Province continued to experience growth in exports during 2007-08 based primarily on the strong performance of the mineral and oil resource sectors. As a share of GDP, total provincial exports still remain lower than most other provinces; however, the gap is narrowing. The long-term challenge for INTRD is to help translate some of the export strength of the resource sector to other sectors of our economy.

To help build export capacity, the Department provides export-oriented firms with access to market opportunity seminars, market information and intelligence, counseling, export readiness assessments, and incoming and outgoing trade missions and exhibitions. Forty-seven per cent of the Department's business-related funding was paid to clients with projects described as export-oriented in 2007-08, up from 32 per cent in 2006-07.

INTRD re-configured its business strategy for export development to better meet the needs of export clients. The Department also increased trade mission activity and participated in negotiations to reduce internal trade barriers and develop new business opportunities in various sectors. A total of 86 companies received funding to participate in 17 different missions or trade shows. Of the 86 companies, 50 were urban and 36 were rural. Total expenditures in 2007-08 was $155,387.

MAJOR ACCOMPLISHMENTS

- As a member of the management committee for Canada-Atlantic Provinces Agreement on International Business Development, helped approve 26 projects for a total of $4.2 million:
  - Newfoundland and Labrador took the lead on eight projects; four of these projects were either market research or sector export strategies. The remaining four were for participation in international trade shows.
  - The Secretariat in Moncton undertakes two surveys of all projects–six and twelve months after the event. Annual reports outline overall results.

- Led 17 trade missions to markets in Iceland, Boston, Florida, Alberta, Panama, Toronto and Ireland. This is the largest number of both trade missions and participation rate of private sector companies in recent years.

- Worked as a member of the Council of the Federation to improve trade within Canada:
  - As Chair, Minister Taylor hosted the annual Committee on Internal Trade meeting in St. John's on June 7, 2007.
  - By participating in various working groups, officials have been successful in moving the Council of the Federation's Five Point Action Plan on Internal Trade forward.
  - Officials worked with the other Atlantic Provinces to make major amendments to the Atlantic Procurement Agreement that were approved by Premiers on January 18, 2008.

- Responded to inquiries from companies that indicated a potential interest in making an investment in the province. The Department also worked in collaboration with the Department of Business to respond to specific inquires.

PROFILE

EASTERN EDGE ROBOTICS TEAM

"Innovation Award of Merit"

Eastern Edge Robotics is comprised of 25 students representing various faculties and programs from four post-secondary institutions in the St. John's region. Each year since 2003, they have built an underwater robot, commonly known as a Remotely Operated Vehicle (ROV), for entry in the Marine Advanced Technology Education (MATE) International ROV Competition. The MATE ROV Competition is held annually and has attracted teams from six different countries.

Eastern Edge Robotics has demonstrated a history of innovation as each year they have incorporated new technologies in their ROV design. The team has encouraged growth through high school teams and has regularly presented the results of their innovation to local and international conferences.

The strategy is getting results. The Team has placed third or better in every competition since 2003.
2003 - third place
2004 - second place
2005 - first price
2006 - first place
2007 - second place
2008 - first place

Since winning the Award of Merit, the team competed against twenty-five teams at the international MATE ROV competition in San Diego. They placed first in three of four categories, for a first place overall finish in their class.

- Under the Business Networks Program, approved funding for four new networks in the province to assist with export development efforts.

- Hosted the Export and Innovation Awards on April 18, 2008 for which more than 70 nominations were submitted. Exporter of the Year was Orphan Industries. The Innovation in Business Award went to Blue Line Innovation. The Distinction in Innovation Award went to C-CORE. Two student youth groups – ACE Memorial and Eastern Edge Robotics – received an Award of Merit for their tremendous accomplishments.

Business, Industry and Economic Intelligence

PROVINCIAL OUTCOME:
IMPROVED UNDERSTANDING OF AND RESPONSE TO SIGNIFICANT AND LONG-TERM ECONOMIC AND COMPETITIVENESS ISSUES

Accurate information and comprehensive analysis is essential to understanding the province's economic position and overall competitiveness. Activities contributing to this strategic direction range from market intelligence that better equips business and industry to take advantage of opportunities and challenges, to comparative reviews of key indicators to assist government officials to better align economic and development policies and priorities. This function is shared with a number of Provincial Government Departments including Finance; Business; Human Resources, Labour and Employment (HRLE); and the Rural Secretariat.

Business, Industry and Economic Intelligence	INTRD Contributing Programs/Activities
Information product development and dissemination	· Provincial competitiveness framework · Labour market analysis and support · Export market analysis · Regional economic profiling and analysis · Sector profiling and support services
Intra-governmental and multi-stakeholder coordination	· Strategic partnership forum · Federal-provincial agency co-ordination · Industry coordination
Policy research and coordination	· Provincial competitiveness analysis · Strategic partnership research activities · Interdepartmental policy support and coordination

STATEMENT OF PROGRESS

All branches of the Department contribute to business, industry and economic intelligence activities. The Department has a dual intelligence focus: timely information provision to clients and other stakeholders to assist business decisions and regional agency planning; and informed policy and program development through research and analysis. Branch intelligence activities conducted in 2007-08 included: profiling for manufacturing, ocean technology, environmental and advanced technology sectors in the province; completion of an industry survey and economic profile of the craft industry; development of market profiles for targeted international and Canadian markets; and the compilation and analysis

of regional information including local labour market data, demographic trends, information on regional infrastructure, and business retention and expansion survey results. INTRD industry specialists continued to update their knowledge of international trends and local industry activities in their assigned sectors, as did trade specialists in their assigned markets.

In addition to the many branch intelligence activities, INTRD's Strategic Partnership Secretariat (SPI) and the Policy and Strategic Planning Division, undertook three main initiatives to enhance the Department's understanding of the province's economic performance and competitive position. The policy division developed a compendium of statistics on small and medium-sized enterprise in the province. The provincial competitiveness framework was updated to include two additional years of data and the resulting changes interpreted for discussion with government, business and labour partners. The subcommittees of the Strategic Partnership continued work on three research priorities: competitiveness, labour market development, and employment relations. Liaison and coordination activities ramped up in 2007-08. The Department participated in joint research and analysis initiatives with HRLE and other partners in such areas as active labour market interventions, out-migration and demographic change, occupational supply/demand modeling, and transportation and development.

Data requests to the policy division remained consistent with activity levels for 2006-07. Requests were handled for the Department of Business, Executive Council, the Office of the Provincial Development Plan, and other INTRD divisions.

MAJOR ACCOMPLISHMENTS

- Through the Strategic Partnership and its two sub-committees on Employment Relations and Labour Market Development, worked with the Labour Relations Agency to create the new Labour Management Arbitration legislation. Also worked with the Labour Market Development Division of HRLE to enhance the quality and use of labour market information.
- Completed updated market profiles for priority target markets under the new Export Development Strategy.
- Initiated the Small Business Data Project. Compiled baseline statistics on Newfoundland and Labrador SMEs from national and provincial sources into a single compendium. Distributed prototype compendium to internal stakeholders for review and comment.
- Researched business and market development opportunities in Alberta and worked with client firms to connect them to those opportunities, particularly in the metal manufacturing, and food and beverage service industries.
- Supported the development of sector profiles for the ocean technology, environmental, and advanced technical industries.
- Continued to provide significant input and support to the Provincial Development Plan (PDP) and the activities of the PDP Office. Throughout 2007-08 INTRD divisions worked with the PDP staff on a range of issues including competitiveness, regional diversification, innovation and industry profiles.

PROFILE
CAIN'S QUEST

"Braving the Elements"

Cain's Quest is a 2000km snowmobile endurance trek throughout western and central Labrador. Riders are challenged with varying terrain, harsh elements and unfamiliar territory. The race is a 5-6 day event beginning in Labrador City/ Wabush, traveling through the remote northern country into Churchill Falls east to Goose Bay and returning to Labrador City, with compulsory layovers during each leg of the journey.

Created to profile the incredible snowmobiling terrain available in the region, Cain's Quest is a true Labrador initiative, involving communities and snowmobile clubs in all regions of Western and Central Labrador. The third race, built upon the success of the first two contests, which made a considerable positive impact on the snowmobiling circuit throughout Atlantic Canada.

2007-08 saw thirty teams registered to compete, with eleven coming from outside of the province including five teams from the United States. This year's winners were John Efford and Gerard Rumbolt of Labrador West – two-time Cain's Quest champions, having bested the field in 2006.

International interest in Cain's Quest has been phenomenal. Competitors receive widespread media coverage in the premier North American snowmobiling magazines, and the race has been featured twice on the TSN Network show *Snow Trax*.

Talk to anyone who has completed the course and they will say it is a grueling test of the body, mind and spirit – leaving most who take on the challenge battered and bruised. Why do they do it? They do it for the sheer challenge of completing the impossible.

2008-09 will see the race expand to thirty-five teams – the largest field to date.

SHARED COMMITMENTS

To ensure the Department's services are responsive to economic and community development needs, and to the Provincial Government's broader economic and social objectives, INTRD works collaboratively with regional agencies, boards, industry associations, business groups, the education system, and other provincial and federal departments.

Education and Economic Development

The Getting the Message Out (GMO) Program continued to expand its strategic communications activities including customized presentations and workshops that encourage people to think about business and career opportunities in Newfoundland and Labrador. In 2007-08 a total of 300 presentations and workshops were delivered, reaching approximately 8,000 local participants. Activities have been initiated to expand the reach of the program to include parents and younger-aged students through partnerships with the Departments of Education and HRLE, and with the internationally recognized Junior Achievement program.

The third edition of GMO business case studies was introduced into the high school system exposing youth to business and economic opportunities. Once again the case studies were adopted by the Department of Education as a curriculum resource for several courses. While educators and administrators alike endorse the case studies, it is the response of students that is most exciting. Students from Jane Collins Academy in Hare Bay took the initiative to write their own case studies using the GMO case study model. This inspired a province-wide case study competition, introduced in March 2008, which encourages youth to take the opportunity to discover the people and share the stories behind the successful businesses that exist in their communities.

Strategic Partnerships

The Department is responsible for the Strategic Partnership Initiative and the Ireland Business Partnerships (IBP). The Strategic Partnership's mandate is to partner with business and labour to increase Newfoundland and Labrador's global competitiveness. IBP has a mandate to identify, foster, and promote trade and partnership opportunities in business, education, and culture between the province and Ireland and, thereby, help identify potential partnership opportunities with government, industry, and business. Through the Ireland Business Partnerships, over $100,000 was budgeted for grants to businesses, researchers, and cultural groups to further partnerships between Newfoundland and Labrador, and Ireland.

Regional Economic Development Boards and Community Associations

In partnership with ACOA, INTRD funds 19 Regional Economic Development Boards (REDBs), the Nunatsiavut Government, and NLREDA to help provide coordinated economic development planning for the province's economic zones. The Department also partners with communities and local associations to plan, fund and complete local projects in support of economic or industry development initiatives.

Business and Industry Associations

The Department collaborates with business and industry groups to support the growth of local firms and expand industry capacities. Initiatives range from identifying export capacity to developing new markets and securing targeted funding for industry initiatives.

Red Tape Reduction

In 2005 the Provincial Government introduced a Red Tape Reduction Initiative to reduce regulatory burdens for the business community by 25 per cent within three years. INTRD originally identified 6,692 business regulatory requirements but that number was reduced by 731 when the Provincial Nominee Program was moved to HRLE. The Department has achieved a 22 per cent reduction and expects to attain the additional three per cent within the required timeframe. INTRD is committed to ensuring high-service standards with its clients and the public.

Information Management and Access To Information

The Department is an early adopter of professional Information Management (IM) practices. The IM Division is responsible for departmental websites and intranet; information security and privacy; records management programs; and management reporting systems. IM coordination, planning, budgeting and policy development was a priority in 2007-08, as was the development of core IM policies.

Throughout 2007-08, the IM Division performed a number of important functions:

- initiated implementation of the Province's standard for information software;
- coordinated information technology development with the OCIO;
- continued client information system enhancements; and
- undertook a new Supplier Development database; website development; and offsite records management.

In addition, the IM Division worked on the foundation portion of the Forms Management project placing standards for all core programs.

In 2007-08 there were four new requests received under the Access to Information and Protection of Privacy Act (ATIPP). In addition, two outstanding requests received in the previous year were completed, and three requests from the Federal Government were handled. IM Division staff actively participated in Government's internal ATIPP Community of Practice group and provided advice throughout the year to the Department on numerous privacy, information security and access issues. Staff also coordinated the completion of department-wide privacy checklists.

Other Government Departments

The Department works with other departments and agencies on issues related to regional diversification, rural development, industry development, delivery of programs and economic policy. The focus is on improving the coordination of policies affecting business establishment and growth, including assisting business owners to more easily navigate provincial regulations and requirements. This working relationship spans all federal and provincial departments with a direct or indirect mandate for economic, industry or labour market development.

PROFILE

IRELAND BUSINESS PARTNERSHIPS

"Irish connections run deep – several thousand feet deep."

Linkages between Newfoundland and Labrador run deeper than our cultural ties; in fact they go much deeper. With Ireland's offshore being similar geologically to the Orphan Basin, there is reason to extend our partnerships into the oil and gas realm.

The North Atlantic Petroleum Systems Assessment Group (NAPSA) is a partnership between Memorial University's Oil and Gas Development Partnership in Newfoundland and the Petroleum Affairs Division in Ireland. This newest example of research and development collaboration will enhance understanding of the petroleum geology of the North Atlantic basins, and ultimately facilitate more effective oil and gas exploration and production.

Formalized in 2007 the Partnership has been quite active. A four-day workshop was hosted in July 2007 at Memorial University involving 50 researchers, program managers, industry representatives and government personnel from both Atlantic Canada and Ireland. Discussions involved the geology and geophysics of the North Atlantic sedimentary basins.

The workshop provided for stronger education, industry, and research linkages. In addition, a number of joint-objectives were agreed and a shared work program for meeting these objectives has been identified.

INTRD also maintains an active role in a number of provincial cross-departmental initiatives and functions including:

POVERTY REDUCTION

In support of Government's Poverty Reduction Strategy, *Reducing Poverty: An Action Plan for Newfoundland and Labrador*, INTRD participates on the working group of 12 Provincial Government departments led by HRLE. This working group is developing and implementing a plan for a long-term integrated approach based on

the principles of social inclusion and collaboration. It is designed to help groups most vulnerable to long-term poverty such as families led by single mothers, single people in general, single older adults in particular, persons with disabilities and aboriginal people. As part of the poverty reduction plan, INTRD is delivering programs to help reduce poverty including Bridging the Gap, Community Capacity Building, and micro-lending.

PROVINCIAL HEALTHY AGING POLICY FRAMEWORK

As the Provincial Healthy Aging Policy Framework, now in its second year, is implemented, INTRD continues to have a representative on the Interdepartmental Working Group, which helps guide the progress of the framework. This horizontal framework, which will be carried out over three to five years, has representatives from many departments and agencies who take a lead role on various actions. INTRD has been identified as having a lead role on two actions in the broad policy framework which are as follows:

1. *Encourage private business to offer transportation to seniors, and*
2. *Promote continued education of financial and legal advisors to counsel clients as they age.* The Department of Health and Community Services, and other relevant departments and agencies, will work in partnership with INTRD to fulfill these actions.

RURAL SECRETARIAT

The Rural Secretariat focuses on the sustainable development of the province's regions and rural areas. It facilitates information sharing, informed dialogue and collaboration. It encourages integrated thinking and shared decision making on regional and rural issues, and engages citizens to become more informed on regional and rural issues in policy development and decision making processes. More particularly, it involves citizens, through its citizen-based Provincial and Regional Councils, in discussions with government about long-term regional sustainability.

The Secretariat does not deliver programs and services, working instead with other departments in this regard. The Secretariat's role complements the responsibilities of the Department of Innovation, Trade and Rural Development to stimulate and support regional economic development. INTRD staff work closely with Rural Secretariat staff at both the corporate and regional level to identify and advance policy, program and investment opportunities and initiatives in regions and rural areas.

CHALLENGES AND OPPORTUNITIES

In order to support economic growth, communities, businesses and the various sectors within the province, the Department of Innovation, Trade and Rural Development must constantly revise and update strategic plans to account for external factors.

Fiscal year 2007-08 represents the final year of the Department's current two-year strategic plan. Over the last four months of the year, staff from across the Department were engaged in environmental scanning and analysis to inform the next strategic plan. The process confirmed that, while many of the economic and demographic trends identified two years ago will continue to shape the Department's activities for the next three years, our environment has changed sufficiently to require the introduction of new priorities.

The last plan focused on two important outcomes – innovation and growing the ocean technology sector - and on two internal tasks – repositioning the Department's trade and export development function, and supporting small and medium-sized enterprises. The new priorities – competitiveness, capacity building and strong regions – build on many of the former priorities but represent a shift to a more integrated approach. The focus is on encouraging and supporting long-term growth of firms, people and regions.

Economic and demographic trends that will continue to impact our economic potential in the next three years include:

- demographic change including intra and inter-provincial migration and population decline;
- local labour force trends including an aging work-force, increased competition from outside employers, and lower than national average rates of youth integration into the province's labour market;
- local consumer trends including changing product and service demands and market conditions;
- fiscal trends including a 40 percent appreciation of the Canadian dollar since 2003;
- international business trends including emergence of global supply chains;
- industry trends including increased competition from low-cost producers and increasing importance of productivity and innovation for firm survival and growth; and
- global economic factors including higher energy and transportation costs, tightening credit conditions, and continuing uncertainty in many of the world's largest capital markets. These factors are contributing to slowing economic activity generally, and mixed growth.

OUTLOOK 2009-2011

Newfoundland and Labrador continues to experience a growing provincial economy supported by a strong demand for natural resources and resource-based commodities. While real GDP will decline in the short-term, the province is expecting solid growth over the 2009-2011 period in a number of key economic indicators. These include: capital investment, personal and disposable income, employment, and wages. GDP will continue to fluctuate throughout 2009 to 2011 impacted by changes in oil production.

Leading industries in terms of production value, exports and GDP contribution include:

- Offshore Oil
- Petroleum Refining
- Mining
- Utilities
- Construction
- Professional, Scientific and Technical Services
- Manufacturing (non resource)
- Fishing and Fish Processing
- Tourism (including food services and accommodation)

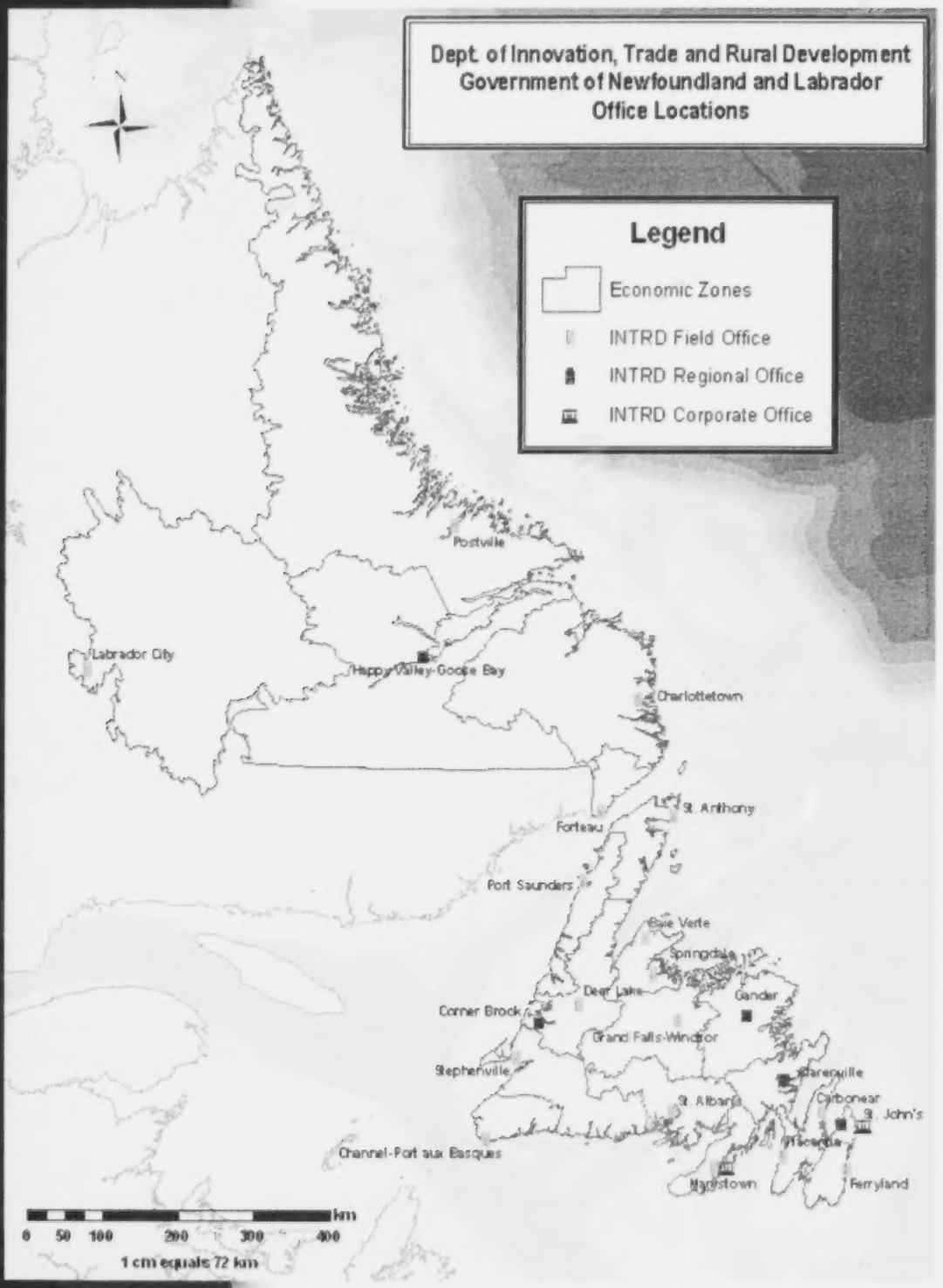
Note: *industries are not listed by order of value.*

APPENDIX A: FINANCIAL PERFORMANCE

Financial Performance				
Line Item	Source of Expenditure	Original Estimate ($)	Amended Estimate ($)	Actual ($) (Unaudited)
1.1.01	Minister's Office (current)	315,100	315,100	257,886
1.2.01	Executive Support (current)	1,015,000	1,016,700	801,148
1.2.02	Administrative Support (current) (Less Revenue)	586,400 -	621,200 -	560,983 (2,618)
1.2.03	Policy and Strategic Planning (current)	440,200	440,500	390,402
1.2.04	Strategic Initiatives (current)	1,027,000	1,027,000	666,610
1.2.05	Administrative Support (capital)	20,000	20,000	-
2.1.01	Export and Investment Promotion (current) (Less Revenue)	3,596,500 (500,000)	3,489,500 (500,000)	2,406,901 (59,050)
3.1.01	Business Analysis (current) (Less Revenue)	5,102,200 -	5,002,200 -	3,548,570 (51,832)
3.1.02	Investment Portfolio Management (current)	620,700	620,700	497,934
3.1.03	Canada/Newfoundland and Labrador Business Service Network (current)	423,900	423,900	327,138
3.1.04	Strategic Communications and Promotions (current)	1,318,100	1,318,100	1,233,691
3.1.05	Strategic Enterprise Development Fund (capital)	9,000,000	9,250,000	1,215,081
3.2.01	Strategic Industries Development (current) (Less Revenue)	1,494,100 -	1,494,100 -	1,239,114 (620)
4.1.01	Regional Economic Development Services (current)	1,981,500	2,151,400	2,087,706
4.2.01	Business and Economic Development Services (current)	4,654,300	4,654,600	4,520,952
4.3.01	Comprehensive Economic Development (current)	8,281,000	8,281,000	5,234,322
5.1.01	Advanced Technologies and Industrial Research (current)	4,398,600	4,398,600	2,258,127
5.1.02	Commercialization Initiatives (capital)	4,245,000	4,245,000	2,388,330
5.1.03	Trans-Gulf Initiative (capital)	10,000,000	10,000,000	10,000,000
	Department Total	**58,019,600**	**58,269,600**	**39,520,775**

Expenditure and revenue figures included in this document are un-audited and based on public information provided in the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for the Year Ended 31 March 2008. Audited financial statements are a requirement at the government level and are made public through the Public Accounts process, however the Department of Innovation Trade and Rural Development is not required to provide a separate audited financial statement

APPENDIX B: OFFICE LOCATIONS



APPENDIX C: CONTACT INFORMATION

GENERAL INQUIRIES

Department of Innovation, Trade and Rural Development
P.O. Box 8700, Confederation Building,
St. John's, Newfoundland and Labrador A1B 4J6
Telephone: 709.729.7000
Fax: 709.729.0654
E-mail: ITRDinfo@gov.nl.ca

CORPORATE OFFICE

Reception	.729.7000
Minister's Office	.729.4728

LABRADOR REGION

Charlottetown	.949.0378
Forteau	931.2908
Happy Valley—Goose Bay	.896.2400
Labrador City	.944.4046
Postville	.479.9731

WESTERN REGION

Corner Brook	.637.2976
Deer Lake	.635.2613
Port aux Basques	.695.9871
Port Saunders	861.3004/3096
St. Anthony	454.3521/3508
Stephenville	643.2600/1228

CENTRAL REGION

Baie Verte	.532.4772
Gander	.256.1480
Grand Falls—Windsor	.292.4450
St. Alban's	538.3476/3796
Springdale	.673.3481

EASTERN REGION

Clarenville	.466.4170
Marystown	279.5531/5533

AVALON REGION

Carbonear	596.4109/4116
Ferryland	.432.3019
Placentia	.227.1350
St. John's	.729.7017

WEBSITES

For more information about the Department, its Strategic Plan and programs and services, visit:
www.gov.nl.ca/intrd

OTHER DEPARTMENT SITES

The Ambassador
www.theambassador.ca

Canada/Newfoundland and Labrador Business Service Centre
www.cbsc.org.nl

Capacity Building
www.cedresources.ca

Crafts of Character
www.craftsofcharacter.com

Getting the Message Out
www.gmo.nl.ca

Ireland Business Partnerships
www.ibp.nl.ca